Covers conditions in March, 1917

March

No.25. Minneapolis, April 3, 1917.

MONTHLY REPORT
CROP AND BUSINESS CONDITIONS IN THE
NINTH FEDERAL RESERVE DISTRICT.

John H. Rich
Federal Reserve Agent.

The serious international developments of the month have not affected the financial situation in the Ninth District. Since the beginning of the war there has been a rapid upbuilding of deposits in the banks at the larger centers, and as a whole, country banks have never enjoyed stronger deposits than at this time. Trade and industry have been active, and reports from all parts of the district indicate that a feeling of confidence prevails and that the grave possibilities of the immediate future have been discounted. During the past month, it has been evident that thoughtful men in all lines of business have been taking stock of the domestic and foreign situation, and shaping their own affairs accordingly.

As a direct outgrowth of the international situation, farmers of the Ninth District have prepared to plant the heaviest acreage the district has ever known. Several hundred reports on the farm labor situation have been received, which indicate that as a whole there will be help enough to attend to spring seeding, although there are many localities where there is a shortage of farm labor. These reports agree that the difficulty of finding farm help will be greatly increased if it becomes necessary to call the guard regiments of the states of this district, and that from the beginning of haying on until the completion of the harvest, there will be a strong demand for men. Rates paid for farm help are higher than the district has ever known, ranging all the way from $35 to $60 per month, with board furnished. This situation suggests the extreme desirability of co-operation between railroads and commercial and other organizations in the larger centers, and country banks and the farmers of their localities, in steps to provide men by midsummer, and for the gathering and forwarding of competent help to the localities where it is needed.

Canada is proving at this time to be a very aggressive competitor for such help as is available. Lines into the Canadian northwest are offering special rates, and farm hands that desire Canadian homesteads are, it is reported, being permitted to enter the time spent in farm labor against the residence required in order to perfect homestead title. This competition may be expected to increase, rather than diminish, since Canada, too, is making efforts to plant a large crop and will feel the need for increased labor as soon as the time comes to gather the hay crop.

Wholesale business is in larger volume than last year. Country merchants are holding their stocks down more carefully than a year ago, and collections are good, although somewhat quieter than a month ago. Retail trade, both in the cities and in the country districts, continues good, and there is substantial evidence, both in the state of trade, and in the

amount of building that is in progress on the farms, that the farmers have benefited greatly by the extremely high prices for stock and by the high level of grain prices at which they have moved a considerable part of what remained in their hands from the last crop. Moisture conditions over the district are excellent. The exceptionally heavy winter snows have practically disappeared, and going off gradually, have not produced the floods that would have resulted had not cool nights alternated with mild days.

Warmer weather has relieved the extremely severe conditions resulting from the car blockade, and the traffic situation has improved somewhat, although it will probably be many weeks before the railroads are able to render ordinary or normal service.

Farmers generally have prepared in advance to meet their seeding requirements. Seed grain is high in price, and in many districts, it has been hard to obtain. Farmers are giving more care than usual to the selection of seed, and testing is much more general than in any previous year. These are factors which may be depended upon to have an important influence upon the production for the year. Spring planting will be everywhere in progress within a week or ten days, and will be much earlier than a year ago.

At the beginning of spring, the situation in the district may be summarized by stating that both banking and business are upon a thoroughly sound and conservative basis, and that the crop outlook, so far as it can be estimated, is very favorable. It is doubtful if anything but the most serious developments can alter this situation. Until the new crop enters the period during which weather conditions become a determining factor, business promises to continue good, and a condition of prosperity promises to prevail.

Bank rates and financial conditions show little change.